



## *Report to the Auburn City Council*

Action Item

Agenda Item No.

**11**

City Manager Approval

**To:** Mayor and City Council Members  
**From:** Bernie Schroeder, Director of Public Works  
Megan Siren, Administrative Analyst  
**Date:** April 14, 2014  
**Subject:** Sewer Rate Study & Analysis Status Summary

### **The Issue**

For the City Council to receive and file a preliminary report related to the 2014 Sewer Rate Update Study scheduled for consideration by the City Council on April 28, 2014.

### **Conclusion and Recommendation**

Status Update Only.

### **Background**

On January 27, 2014, the City Council approved a consultant agreement with G Aronow Consulting to complete an updated Sewer Rate Study & Analysis. The Analysis identifies needed improvements to keep the wastewater treatment plant and sewer collection system in compliance with the California State Water Quality Control Board and the Federal Environmental Protection Agency requirements along with operating system improvements designed to avoid future system costs.

The City last conducted a Sewer Rate Study in 2007 where the Council approved a 5 year rate schedule. Proposition 218 requires a Sewer Rate Study Update prior to any future Sewer Service Charges changes.

The automatic rate adjustment to the current Sewer Service Charges expired on June 30, 2013 and does not fully fund or allow for repayment of projected annual debt service related to the capital projects anticipated over the next several years. In particular, the Oxidation Ditch Improvement Project and the City's contribution to the Regional Sewer Common Pipeline Project, as well as other on-going improvements to lift stations and collection system projects. The Sewer Service Charges also need to be adjusted for increased costs of operating and maintaining the sewer system (estimated at approximately 3-4% per year).

Staff is currently working with G Aronow Consulting to finalize the Sewer Rate Study & Analysis. Ms. Aronow assisted the City with the 2007 Sewer Rate Study. The current working draft for the Sewer Rate Study Update is currently estimating the Sewer Service Charges changes to be in the range of \$6.00 to \$8.00 per Sewer Unit increase over the existing rate.

The schedule for adoption of the Sewer Rate Study and implementation of the Sewer Service Charges is as follows:

April 28, 2014 – Introduction of Sewer Rate Study Update

April 29, 2014 – Mail Public Notice to Sewer Customers

June 23, 2014 – Public Hearing and Sewer Rate Adoption

June 23, 2014 – Public Hearing to Place Sewer Service use Charges on County of Placer Tax Rolls

**Alternatives Available to Council; Implications of Alternatives**

1. Proceed with Staff Recommendation
2. Do not proceed with staff recommendation

**Fiscal Impact**

At the point of approval, the Sewer Rate will fund the Capital and Operational needs for the Sewer Fund over the next 5 years. The rate, if approved will fund approximately \$3.0 million in annual operating costs and \$3.0 million annually in capital costs including depreciation and existing debt and estimated future debt service, adjusted for inflation until 2018/19. After 2018/19 no further rate increases are scheduled and any future rate increases will require the City Council to undertake an updated rate study.